

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 CIAE-00 DODE-00 DOTE-00
FMC-01 INR-10 NSAE-00 CG-00 DLOS-09 OES-09 /048 W
-----030486 010912Z /11

P 010815Z JUL 78

FM AMEMBASSY LAGOS

TODRUEHC/SECSTATE WASHDC PRIORITY 9798

INFO USDOC WASHDC

AMCONSUL KADUNA

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E.O. 11652: N/A

TAGS: EWWT, NI

SUBJECT: AWAF: REQUEST FOR SECOND BERTH

SUMMARY: REQUEST FOR SECOND APPROPRIATED BERTH BY AMERICAN WEST AFRICAN CONFERENCE LINE (AWAF) IS CURRENTLY STALLED BY FEDERAL MILITARY GOVERNMENT (FMG) EFFORTS, IN CONJUNCTION WITH OTHER WEST AND CENTRAL AFRICAN GOVERNMENTS, TO NEGOTIATE FREIGHT RATES WITH CONFERENCE LINES. END SUMMARY.

1. BACKGROUND: DURING HIGH-LEVEL ECONOMIC TALKS, TRANSPORT PERMSEC IBIE INDICATED AN INTEREST IN SOLVING U.S. PROBLEM OF AWAF HAVING ONLY ONE BERTH. ECON COUNSELLOR SENT IBIE A LETTER ON MAY 3 REMINDING HIM TO TAKE ACTION. MIN TRANSPORT RESPONDED MAY 10 SAYING THAT APPROVAL OF SECOND BERTH WAS MADE DIFFICULT BY AWAF REFUSAL TO MEET WITH WEST AND CENTRAL AFRICAN NEGOTIATING COMMITTEE, RESPONSIBLE FOR SETTING OCEAN FREIGHT RATES. BASED ON COMMENTS OBTAINED FROM AWAF'S CUNNINGHAM, ECON COUNSELLOR SENT SECOND LETTER OF JUNE 28 WHICH STRESSED THAT U.S. ANTI-TRUST LAWS PROHIBITED AWAF FROM NEGOTIATING FREIGHT RATES. IT STATED POSSIBILITY THAT THERE COULD BE LEGISLATIVE RELIEF FROM THE INJUNCTION SOMETIME IN 1978, BUT URGED
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MINISTRY TO TAKE ACTION ON BERTH. MINISTRY HAS NOT RESPONDED TO LETTER OF JUNE 28. END BACKGROUND.

2. ON JULY 26, EMBOFF MADE CALL ON A.C. OWOH, PRINCIPAL SECRETARY, WHO HAD SIGNED MINISTRY LETTER OF MAY 10. HE INDICATED THAT THE PERMSEC WAS PREDISPOSED TO CONSIDER AWAF'S APPLICATION FAVORABLY. HE INDICATED THAT THE MINISTRY

WILL BE IN A FAVORABLE MOOD ONCE THE ISSUE OF FREIGHT RATES IS RESOLVED. HE STATED OFF THE RECORD THAT QUOTE AWAFC'S RATE INCREASES DO NOT LOOK OUT OF LINE UNQUOTE. HOWEVER, HE URGED EMBOFF TO CHECK WITH OFFICIALS CONCERNED WITH FREIGHT RATES TO SEE HOW THEY VIEWED MATTER OF AWAFC.

3. EMBGD NEXT CALLED ON W.A. WACHUKU, UNDERSECRETARY (MARITIME) WHO INDICATED THAT MINISTRY WAS IN A BIND RIGHT NOW. THE UNITED KINGDOM WEST AFRICAN LINE (UKWAL) IS IN DANGER OF LOSING ITS TWO PRIORITY BERTHS AND HE FELT THAT IT WOULD LOOK EMBARRASING IF AWAFC WERE GIVEN ANOTHER PRIORITY BERTH AFTER HAVING ANNOUNCED A 15 PERCENT RATE INCREASE UNILATERALLY ON APRIL 1. FYI: UKWAL RAISED ITS RATES UNILATERALLY BY 25 PERCENT WHEN IT FAILED TO REACH AGREEMENT WITH NEGOTIATING COMMITTEE. FMG FEELS THAT THIS DEMONSTRATES LACK OF CONCERN ON PART OF UKWAL FOR INFLATIONARY EFFECTS ON NIGERIAN ECONOMY. FMG FEELS PRIORITY BERTHING IS A PRIVILEGE WHICH BENEFITS BOTH THE CONFERENCE AND NIGERIA BUT NEVERTHELESS IT IS ONE THAT CAN BE REVOKED. END FYI.

4. WACHUKU INDICATED THAT THERE WERE TWO COURSES OF ACTION OPEN TO AWAFC. FIRST, NIGERIA COULD RAISE THE MATTER WITH THE OTHER NATION STATES WHICH MAKE UP THE NEGOTIATING COMMITTEE AND SEE HOW THEY REACTED TO AWAFC'S CLAIM TO HAVE A LEGAL CONSTRAINT. SECONDLY, LIMITED OFFICIAL USE

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HE POSED THE ALTERNATIVE THAT THE MATTER COULD BE HANDLED ON A NATIONAL BASIS IF AWAFC WERE TO MAKE SOME GESTURE WHICH INDICATED ITS GOOD-WILL. HE SUGGESTED THAT AWAFC COULD LOWER ITS RATES. HE FELT THAT RATE INCREASES FROM 7-10 PERCENT WERE REASONABLE AND POINTED TO THE RECENT 7 PERCENT INCREASE NEGOTIATED WITH CONTINENTAL WEST AFRICAN CONFERENCE (COWAC).

5. COMMENT: OPTIONS PRESENTED BY WACHUKU ARE CLEARLY UNDESIRABLE. RAISING LEGAL CONSTRAINT ISSUE WITH OTHER MEMBERS OF NEGOTIATING COMMITTEE WOULD REQUIRE A GREAT DELA OF TIME WITH THE LIKELIHOOD OF NA EVENTUAL NEGATIVE OUTCOME. ON THE OTHER HAND, LOCAL REP OF FARRELL LINES TELLS US THAT GOOD-WILL GESTURE ON RATES WOULD BE ILLEGAL UNDER U.S. LAWS. WE PROPOSE TO WAIT FOR A RESPONSE TO OUR LETTER OF JUNE 28. BOTH MIN TRANS-PORT OFFICES ARE AWARE OF AWAFC DILEMNA AND USG INTEREST. IBIE'S PREDISPOSITION, OWHO'S JUDGMENT ABOUT REASONABLENESS OF AWAFC RATES AND WACHUKU'S LOWER POSITION IN MINISTRY GIVE HOPE FOR A POSITIVE OUTCOME. IFNRESPONSE TO LETTER OF JUNE 28 IS NEGATIVE, EMBASSY CAN RESPOND WITH HIGHER LEVEL REPRESENTATION.

WYMAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEAMSHIP LINES, PORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978LAGOS09472
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780314-0301
Format: TEL
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t197807102/aaaadhzz.tel
Line Count: 117
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 17774a6b-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1852414
Secure: OPEN
Status: NATIVE
Subject: AWAFC: REQUEST FOR SECOND BERTH SUMMARY: REQUEST FOR SECOND APPROPRIATED BERTH BY AMERICAN WEST AFRICAN CONFERENCE LINE (AWAFC) IS CURRENTLY
TAGS: EWWT, NI
To: STATE
Type: TE
vdkgvkey: odb://SAS/SAS.dbo.SAS_Docs/17774a6b-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014